

## Patterson Belknap Webb & Tyler LLP

1133 Avenue of the Americas New York, NY 10036-6710 212.336.2000 fax 212.336.2222 www.pbwt.com

October 9, 2013

Erik Haas  
Partner  
(212) 336-2117  
Direct Fax: (212) 336-2386  
ehaas@pbwt.com

*Via ECF*

The Honorable Denise L. Cote  
United States District Court for the Southern District of New York  
Daniel Patrick Moynihan U.S. Courthouse  
500 Pearl Street  
New York, New York 10007

Re: *NCUA v. Morgan Stanley & Co.*, No. 13-cv-6705  
*NCUA v. Bear, Stearns & Co.*, No. 13-cv-6707  
*NCUA v. Wachovia Capital Markets LLC*, No. 13-cv-6719  
*NCUA v. Goldman, Sachs & Co.*, No. 13-cv-6721  
*NCUA v. RBS Securities, LLC*, No. 13-cv-6726  
*NCUA v. Barclays Capital Inc.*, No. 13-cv-6727  
*NCUA v. Residential Funding Securities, LLC*, No. 13-cv-6730  
*NCUA v. UBS Securities, LLC*, No. 13-cv-6731  
*NCUA v. Credit Suisse Securities (USA) LLC*, No. 13-cv-6736

Dear Judge Cote:

I write on behalf of the National Credit Union Administration Board, as liquidating agent for Southwest and Members United Corporate Credit Unions (“NCUA”). NCUA is plaintiff in the above-referenced cases, which are currently pending before this Court. These cases involve the purchase of Residential Mortgage-Backed Securities (“RMBS”) by Southwest and Members United Corporate Credit Unions (the “Credit Unions”), which failed because their RMBS holdings plummeted in value. Pursuant to its statutory responsibilities, NCUA conserved and then liquidated these Credit Unions beginning in September 2010. All of NCUA’s claims before this Court pertain to RMBS purchased by the Credit Unions. Moreover, NCUA’s nine complaints advance claims under some or all of the following three statutes: (1) the Texas Securities Act, Tex. Rev. Civ. Stat. Ann. art. 581, § 33; (2) the Illinois Securities Law of 1953, 815 Ill. Comp. Stat. Ann. 5/12; and (3) the Securities Act of 1933 (“Securities Act”).

Because these cases raise common issues of law and fact, NCUA respectfully submits the following proposal in the interest of efficient case management. Defendants are likely to file motions to dismiss the complaints in these cases. NCUA proposes that the Court designate one of these nine cases as the lead case for the purposes of resolving any motion to dismiss. NCUA further proposes that the Court stay the time for filing any responsive pleading in the remaining

The Honorable Denise L. Cote  
October 9, 2013  
Page 2

eight cases until 20 days after the Court resolves the motion to dismiss in the lead case. Resolving the issues in the lead case will substantially reduce the briefing in each of the other cases, as it will resolve many of the common issues that Defendants can be expected to raise in these nine separate complaints.<sup>1</sup> This proposal mirrors this Court's approach in a series of actions brought by the Federal Housing Finance Agency ("FHFA"), where the Court established *FHFA v. UBS Americas, Inc.*, No. 11-cv-5201, as the lead case. *See, e.g.*, Order, *FHFA v. Morgan Stanley*, No. 11-cv-6739 (S.D.N.Y. Nov. 16, 2011).


Of the nine pending matters, the NCUA proposes that *Morgan Stanley* be designated as the lead case. *Morgan Stanley* involves claims under all three statutes at issue in these cases – both the Texas and Illinois blue sky laws as well as the Securities Act – and is otherwise representative of NCUA's other complaints. Designating *Morgan Stanley* as the lead case would therefore promote efficiency in adjudicating the issues raised in all of NCUA's complaints, an approach that will benefit the parties and this Court.

---

<sup>1</sup> In the *Residential Funding* matter, NCUA submitted a letter to the Court indicating that the parties contemplate a settlement, and on October 8, 2013, the Court stayed proceedings in *Residential Funding* until January 31, 2014.

The Honorable Denise L. Cote  
October 9, 2013  
Page 3

Respectfully submitted,

<p><u>/s/ Shawn Naunton</u> Shawn Naunton ZUCKERMAN SPAEDER LLP 1185 Avenue of the Americas 31st Floor New York, NY 10036 Phone: (212) 704-9600 Fax: (212) 704-4256 snaunton@zuckerman.com</p> <p>Counsel for NCUA in <i>NCUA v. Barclays</i>, <i>NCUA v. Credit Suisse</i>, <i>NCUA v. Residential</i> <i>Funding Securities</i>, <i>NCUA v. RBS</i>, and <i>NCUA</i> <i>v. UBS</i></p>	 <hr/> Erik Haas Peter W. Tomlinson PATTERSON BELKNAP WEBB & TYLER LLP 1133 Avenue of the Americas New York, NY 10036-6710 Phone: (212) 336-2000 Fax: (212) 336-2222 ehaas@pbwt.com pwtomlinson@pbwt.com <p>Counsel for NCUA in <i>NCUA v. Morgan Stanley</i> and <i>NCUA v. Bear, Stearns</i></p>
<p><u>/s/ David H. Wollmuth</u> David H. Wollmuth Frederick R. Kessler Ryan A. Kane WOLLMUTH MAHER &amp; DEUTSCH LLP 500 Fifth Avenue, 12th Floor New York, New York 10110 Phone: 212-382-3300 Fax: 212-382-0050 dwollmuth@wmd-law.com fkessler@wmd-law.com rkane@wmd-law.com</p> <p>Counsel for NCUA in <i>NCUA v. Goldman</i>, <i>Sachs</i> and <i>NCUA v. Wachovia</i></p>	

cc: Counsel of Record (via ECF)